

The past year will certainly be the most profitable in history for the Bulgarian state-owned coal-fired power plant Maritsa Istok 2, which recorded a record 762 million leva (391 million euros) profit in the first three quarters. That amount is expected to reach 460 million euros for the whole of 2022.

This result, dictated by the crisis situation on the **energy market**, created the illusion that **coal-based electricity** is actually profitable and has a future. A political decision was even adopted to negotiate with Brussels in order to allow the use of thermal power plants without restrictions until 2038.

There have also been calls for Bulgaria to drop its recovery plan, which calls for a 40 percent reduction in the **country's carbon dioxide emissions**, in order for the country to retain its coal-fired power plants.

However, the reality is quite different. Already at the end of 2022, **the prices of natural gas, and therefore electricity, have begun to stabilize**. Gas is currently trading at its lowest level in 18 months – around €50 per MWh, compared to over €300 last summer.

Electricity across Europe is currently traded at prices of around 130-140 euros per MWh. In other words, if this trend continues in the future, thermal power plants such as Maritsa Istok 2 can hardly be competitive on the market.

This is illustrated by the fact that since the beginning of 2023, the export of electricity from Bulgaria, which was mainly supported by coal-fired power plants, has fallen by an impressive 45 percent on an annual basis. At the same time, the production of thermal power plants decreased by 10 percent in the traditionally strongest winter months for them. In addition, thanks to the own production of renewable energy sources, which many companies have turned to, as well as energy efficiency measures, electricity consumption in the country is decreasing. Data from the **Electric Power System Operator (ESO)** from the beginning of the year show a 1.5 percent drop in electricity consumption.

Many auctions, few buyers

TPP Maritsa Istok 2 has again had a problem with the sale of produced energy since the beginning of February. After the power plant operated at maximum capacity from mid-2021 and throughout 2022 and recorded huge revenues and profits thanks to high prices, now the situation is returning to the old way – when the thermal power plant worked only on the orders of the government and reported hundreds of millions in losses.

The reason for this is high **production costs**. As a result, on February 20, the capacity utilization of the state-owned thermal power plant was below 60 percent.

In February, TPP announced a total of 10 tenders for the sale of electricity – three on February 2, three more on February 8 and four on February 17. At each subsequent auction, the starting price dropped, from around 177 euros to 149 euros at the third auction.

Despite this, of the total offered 1,000 megawatts of capacity, only about 150 megawatts were sold. Two-thirds of the electricity was sold at a price of 146 euros, which means that

TPP will not make a profit from these transactions.

For emission permits alone, the company pays over 100 euros for each megawatt-hour produced, which is why production costs are higher than 154 euros.

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